

CITY COUNCIL WORKSHOP ECONOMIC DEVELOPMENT

MARCH 17, 1983

INFORMATION BOOK



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WHAT IS ECONOMIC DEVELOPMENT?

The process of coordinating and using public resources and incentives--both cash and non-cash--to influence private investment thereby stimulating economic growth and improving community well-being.

Economic development investments are "profitable" to the community if they:

- improve employment opportunities for local citizens
- stimulate business activity
- diversify and strengthen the local economy
- increase local tax revenues
- encourage additional investment in the community
- promote economic stability through retention and expansion of existing businesses.
- enhance the positive qualities and characteristics of the surrounding neighborhood.

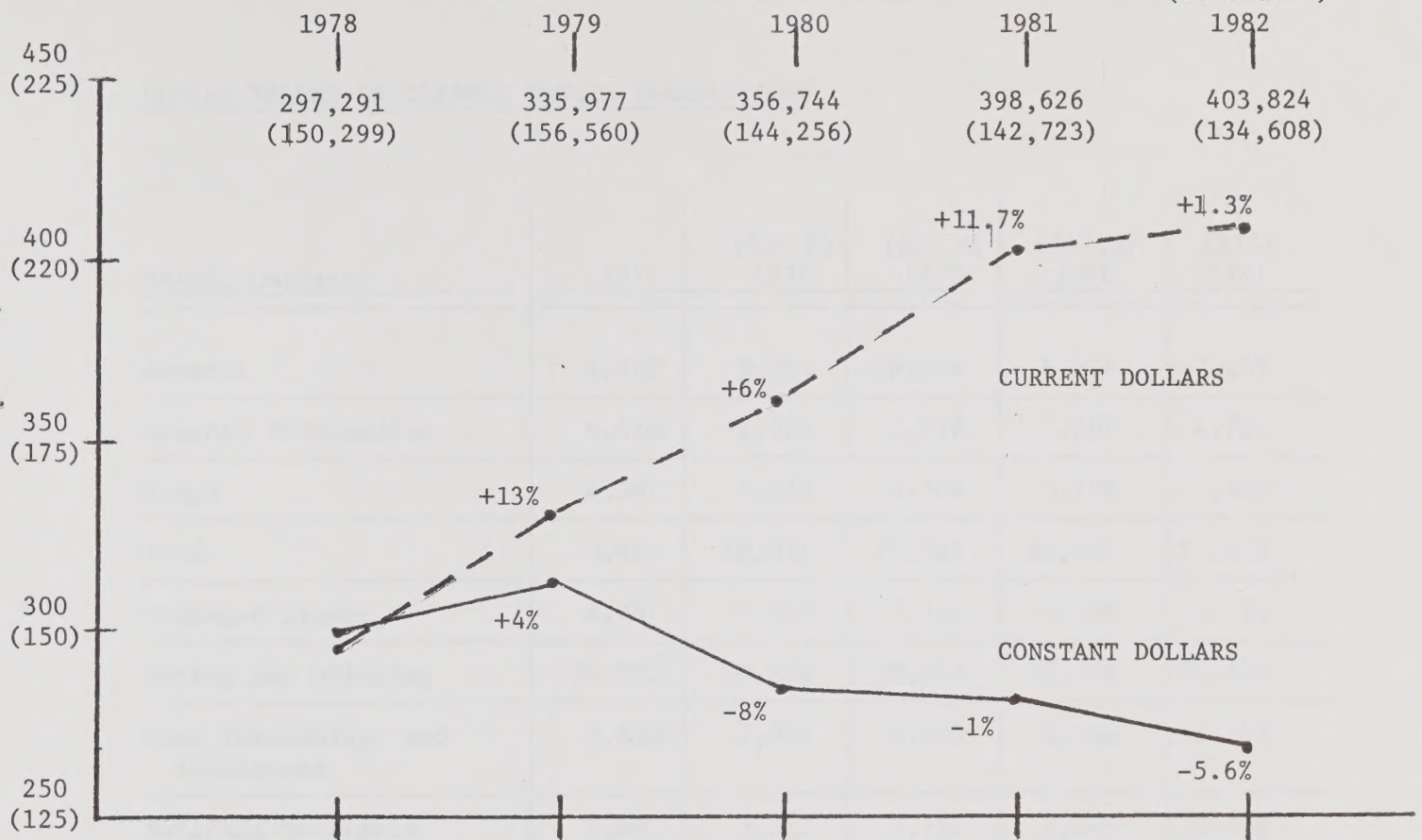
ECONOMIC GOALS FOR BERKELEY*

- All people in Berkeley should have employment possibilities that offer adequate wages and career possibilities.
- Berkeley's non-residential tax bases should be strengthened and expanded.
- Berkeley should become a leader in the development of new products... technologies...labor intensive products.
- Berkeley should become a regional center for entertainment and cultural activities.
- Berkeley should have a strong and healthy tax base.
- Berkeley should become a regional and national leader in the incubation and development of new industries.

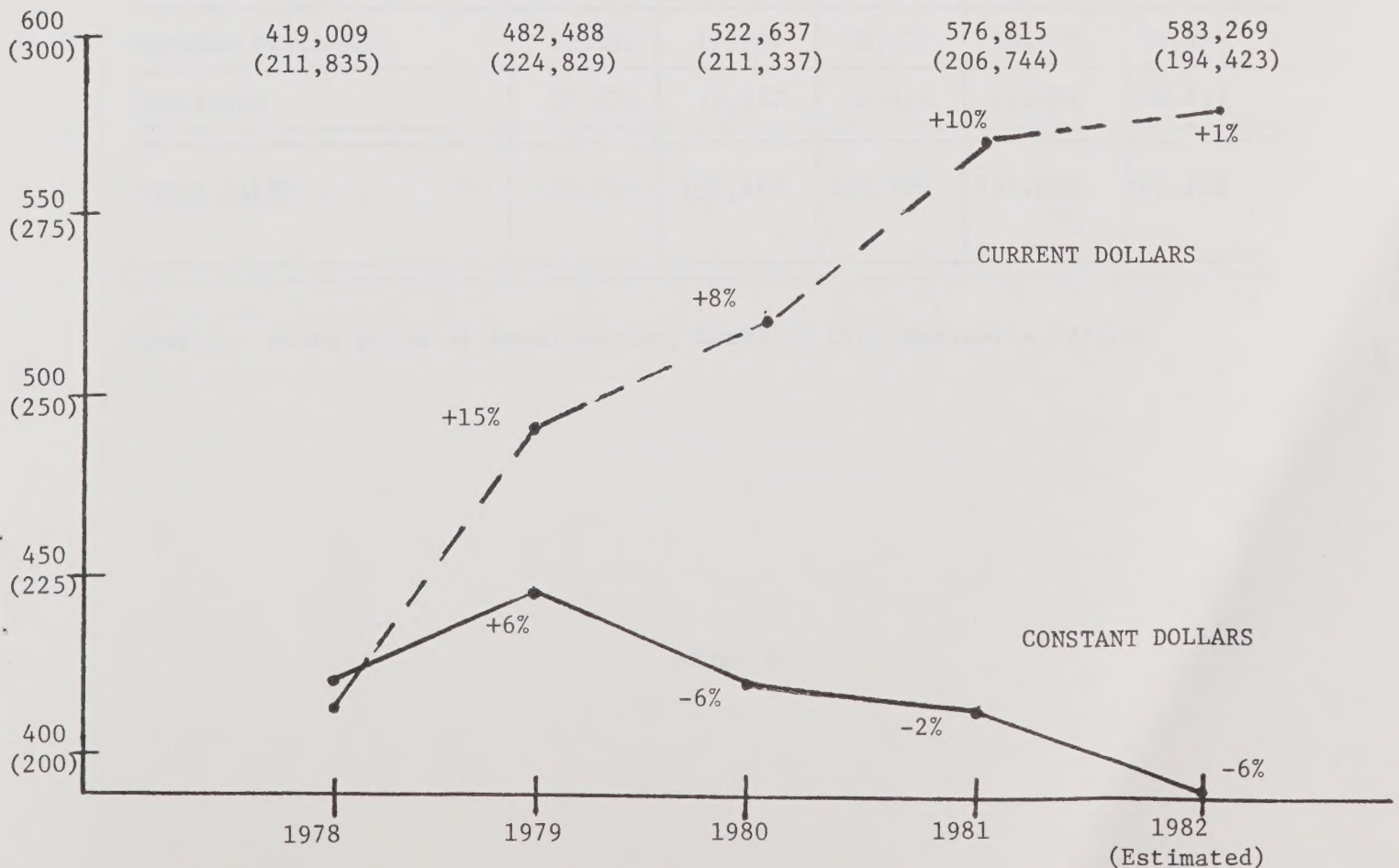
* Economic Development Plan, 1980

WHAT IS BERKELEY'S ECONOMIC CONDITION?

RETAIL SALES TRENDS: 1978 - 1982*



Below: TOTAL TAXABLE SALES TRENDS (Retail, Wholesale and Services)



* in thousands

DOLLAR VOLUME OF TAXABLE RETAIL TRANSACTIONS

Retail Category	1977	(197.8) 1978	(214.6) 1979	(247.3) 1980	(279) 1981
Apparel	8,922	9,084	9,054	8,574	7,605
General Merchandise	6,428	6,078	5,718	5,301	4,785
Drugs	4,507	4,679	4,706	3,779	3,602
Food	9,919	10,931	11,595	10,804	11,213
Packaged Liquor	6,737	5,878	5,342	4,526	4,710
Eating and Drinking	26,022	27,138	29,026	27,626	26,530
Home Furnishings and Appliances	6,603	7,954	8,905	8,546	10,163
Building Materials	6,452	7,312	7,752	7,244	6,660
Automotive	28,321	29,411	28,673	22,808	21,932
Service Stations	12,582	12,697	15,034	16,793	16,854
Specialty	29,579	29,137	30,753	28,253	28,753
TOTAL SALES	146,072	150,299	156,560	144,256	142,723

Source: State Board of Equalization, Berkeley City Manager's Office

TOTAL PRIVATE SECTOR EMPLOYMENT BY ONE-DIGIT SECTOR, BERKELEY,
December 1978 and 1980

SECTOR	DECEMBER 1978	DECEMBER 1980	% OF TOTAL 1980	ANNUAL % CHANGE
Agriculture	370	263	0.9	-15.7
Construction	1,622	2,140	7.3	+ 8.4
Manufacturing	5,906	5,993	20.4	+ 0.7
Transportation	839	771	2.6	- 4.1
Wholesale Trade	1,478	1,489	5.1	+ 0.3
Retail Trade	7,771	8,015	27.3	+ 3.2
Finance, Insurance and Real Estate*	669	757	2.3	+ 6.4
Services	8,333	9,946	33.9	+ 9.3
TOTAL**	27,190	29,322	100%	+ 3.8

*Excludes building owners/operators, banks, savings and loans and insurance companies.

**Excludes unknown category, 0011, as well as the above.

Source: Business License Tax data, City of Berkeley, December 1978, 1980.
 Figures for two-digit tables presented below may not correspond precisely
 because the latter were drawn from July 1980 data.

Markusen Report, 1981

MAJOR EXPANDING SECTORS, BERKELEY, 1978-80

SECTOR	NET NEW JOBS
Residential Construction	170
Instruments (Scientific, Optic)	176
Eating and Drinking Places	233
Miscellaneous Retail	171
Business Services	695
Health Services	538

Source: City Business License data, 1978-80
Markusen Report, 1981

EMPLOYMENT INFORMATION, 1970 and 1980

Jobs in Berkeley

Census Year	Residents		Non-Residents		Total	
	No.	%	No.	%	No.	%
1970	21,633	36.6	37,367	63.4	59,000	100
1980	22,815	41.1	32,585	58.9	55,400	100
1970-1980 Change	+1182	+5.5	-4,782	-12.8	-3,600	-6.1

Berkeley Residents' Jobs

Census Year	In Berkeley		Outside		Total	
	No.	%	No.	%	No.	%
1970	21,633	42.8	28,929	57.2	50,562	100
1980	22,815	44.6	28,350	55.4	51,165	100
1970-1980 Change	+182	+0.1	-1208	-4.2	+603	+1.2

EMPLOYMENT BY RACE AND SEX, 1980

Berkeley Residents

Race												
	Total		Asian		Black		La Raza		Nat.Amer.		White	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Employed	51,165	100	5079	9.9	7722	15.1	2359	4.6	143	0.3	37,071	72.5
Male	27,209	53.2										
Female	23,956	46.8										

Sources: U.S. Bureau of the Census
 California Employment Development Department (EDD)
 Association of Bay Area Governments (ABAG)

JOBS IN BERKELEY, Private and Public Sectors
1980

Sector	Amount	%
Private	34,570	62.4
Public	20,830	37.6
Total	55,400	100

OCCUPATIONS OF EMPLOYED BERKELEY RESIDENTS
1970 and 1980

Occupation	1970		1980		1970-80 Change	
	No.	%	No.	%	No.	%
1. Professional/ Technical/Managerial	21,749	43.0	25,685	50.2	+3,936	+18.1
2. Sales	2,665	5.3	4,093	8.0	+1,428	+53.3
3. Clerical	11,190	22.1	8,903	17.4	-8,903	-20.4
4. Crafts	2,970	5.9	3,019	5.9	+ 49	+ 0.9
5. Laborers/ Operators	5,601	11.1	3,172	6.2	-2,429	-43.4
6. Service	6,387	12.6	6,193	12.3	- 194	-10.9
Total	50,562	100.0	51,165	100.0	+ 603	+ 1.2

UNEMPLOYMENT RATES, January, 1983

Berkeley	Alameda County	California	U.S.
10.5%	10.6%	10.7%	10.4%

Sources: U.S. Bureau of the Census
California Employment Development Department (EDD)
Association of Bay Area Governments (ABAG)

BERKELEY BUSINESS PROFILE

Businesses licensed in the City: 12,200

<u>Business Size</u>	<u>Percentage</u>	<u>Total #</u>
1 - 5 employees	81.9%	9,992
6 - 10	9.4	1,146
11 - 25	4.6	561
26 - 50	2.5	305
51 - 100	0.9	110
101 - 250	0.4	49
251 - 500	0.24	29
500 +	0.09	11

Type of Business

1%	Agriculture, Forestry, Fishing (122)
3%	Construction (366)
10%	Manufacturing (1,220)
02%	Transportation, Communications, Electric, Gas, Etc. (244)
05%	Wholesale (610)
34%	Retail (4,148)
06%	Finance, Insurance & Real Estate (732)
39%	Services (4,758) (Hotels, personal, automotive, amusement, health, legal, educational, business, social, organizations)

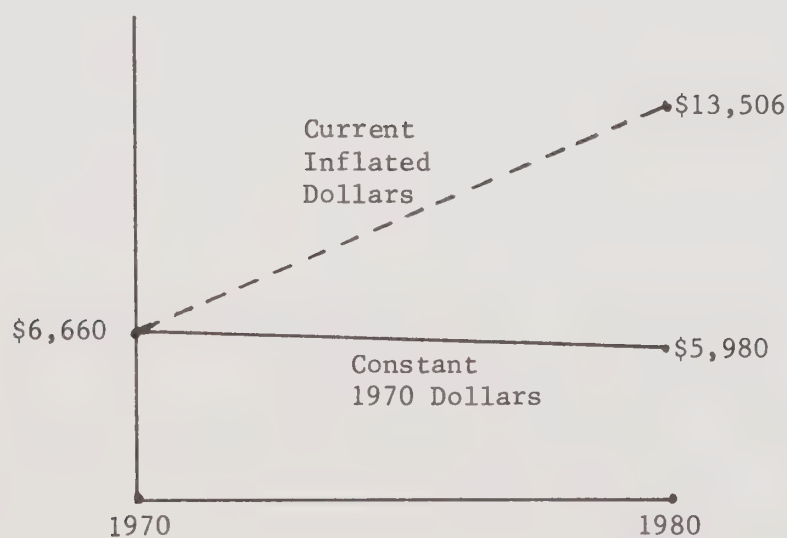
Source: Business License Tax Data, Finance Dept.

INCOME OF BERKELEY RESIDENTS
1970 and 1980

Census Year	Per Capita		Household (Family & Non-family)				Family	
1970	\$ 3995		\$6,660				\$9,987	
1980	Current	Constant	Current	Constant	Current	Constant	Current	Constant
	\$8,462	\$3,959	\$13,506	\$5,980	\$20,360	\$9,074		
1970-1980 Change	Amount	%	Amount	%	Amount	%	Amount	%
	+4467	+112	-36	-.1	+6846	+102	-680	-10

Note: "Current" refers to 1980 dollars inflated by 113% over 10 years.
 "Constant" refers to 1970 dollars, unchanged by inflation.

Household Income Change
1970 to 1980



Sources: U.S. Census Bureau

GENERAL HIGHLIGHTS AND CONCLUSIONS

REGARDING BUSINESS TRENDS

- 1) The Manufacturing Sector is declining, a decline reflecting Bay Area trends. Berkeley should attempt to attract new technology industries to the West Berkeley area by (a) identifying available manufacturing space, and (b) coordinating local business and technical talent to identify and attract appropriate firms.
- 2) The Service Sector, especially business and health services, has expanded over the last decade. In addition, opportunities exist for office and hotel development. While determining the most "profitable" mix of uses for the C-2 Zones, including housing and commercial recreation, the City should also identify underutilized parcels.
- 3) Retail trade has decreased in general merchandise, apparel and automobiles, and has increased in home furnishing and eating/drinking establishments. The desirability and feasibility of attracting a major, general merchandise retail establishment, that could stem the flow of retail dollars out of Berkeley and provide a magnet for other downtown businesses, should be explored.

ECONOMIC DEVELOPMENT :

ISSUES AND OPTIONS

CITY-WIDE ISSUES AND OPTIONS

ISSUE	OPTION
Tax Revenues	<ul style="list-style-type: none">o Focus efforts on sales tax generatorso Set dollar figure objectiveso _____o _____
Jobs for Berkeleyans	<ul style="list-style-type: none">o Local jobs commitment for discretionary developments.o Coordination between economic development and JTPA programs.o _____
City-University Relationship	<ul style="list-style-type: none">o Partnership to attract and assist new tech firms.o _____o _____
Public-private Cooperation	<ul style="list-style-type: none">o Downtown business promotion campaign.o _____
Neighborhood Preservation <i>Stabilizing</i>	<ul style="list-style-type: none">o Area Planso _____

CENTRAL BUSINESS DISTRICT - DOWNTOWN

Major Objectives:

- o Stimulate private investment in the CBD.
- o Protect economically weaker uses which serve the local community, from speculative development pressures.
- o Encourage diversity of intensity and type (i.e. retail, residential, office, cultural and research facilities) of development in the CBD.

ISSUES	OPTIONS
1. Lack of positive self-image and perceived anti-business attitude.	o Encourage mixed-use development (MXD'(s)) in or near the core (defined by access to public transit) as a catalyst for private investment [MXD may/should be a partnership between the public and private sector] o _____
2. Inadequate or unsafe access (pedestrian, bicycles, transit, vehicular)	o Formulate implementation policies which (a) direct development to the benefit of the public sector, (b) provide predictable, concise "as-of-right" guidelines for private development, and (c) protect adjacent neighborhood areas. o Examine potential for use of tax increment financing mechanism, federal grants, or tax assessment districts to fund transportation and various other public improvements. o _____
3. Perceived political instability and policy discontinuity.	o Encourage political consensus/unity between City/Business/Community in fulfilling identified objectives and improving image--create a vehicle for implementation (i.e. Local Development Corp. (LDC)). o _____
4. Perceived lack of political consensus.	o Same as #3. o _____

ISSUES	OPTIONS
5. Lack of adequate land-use controls, incentives, administration and enforcement.	<ul style="list-style-type: none"> o Reward private projects which provide or include public amenities and/or housing. o Same as first Option in #2. o Encourage joint City-University planning efforts. o _____
6. Lack of maintenance and deterioration of infra-structure.	<ul style="list-style-type: none"> o Same as second Option in #2. o Identify & catalogue environmental capacities threshold. o _____
7. Fragmented land ownership patterns (resulting in small irregular lots).	<ul style="list-style-type: none"> o Same as first Option in #2. o Identify preferable sites for large-scale development. o _____
8. University impact (physical and fiscal) upon Downtown.	<ul style="list-style-type: none"> o Same as first Option in #2. o Seek reparations from State legislature to offset impacts upon services by University presence (in cooperation with other cities with University campuses). o _____
9. Lack of focus or definition of Downtown.	<ul style="list-style-type: none"> o Same as #1. o _____
10. Declining retail sales.	<ul style="list-style-type: none"> o Same as #1. o _____
11. Lack of public amenities.	<ul style="list-style-type: none"> o Same as first Option in #5. o Same as first Option in #2. o _____

ISSUES	OPTIONS
12. Ability of environment (specifically the infra-structure) to absorb additional development.	<ul style="list-style-type: none"> o Same as second Option in #2. o Identify & catalogue environmental capacities/thresholds.
13. Lack of public/private cooperation and communication.	<ul style="list-style-type: none"> o Same as first Option in #3. o Same as third Option in #5. o _____
14. Lack of variable income housing.	<ul style="list-style-type: none"> o Same as first Option in #5. o _____
15. Ability or role of city to influence or control fluctuations in market forces.	<ul style="list-style-type: none"> o Same as first Option in #2. o _____
16. Protection of adjacent residential and neighborhood commercial areas.	<ul style="list-style-type: none"> o Same as second Option in #12. o Same as first Option in #2. o _____

SOUTH BERKELEY

Major Objectives:

- o Increase private sector employment opportunities for unemployed residents of South Berkeley.
- o Increase minority participation in both commercial development and the operation of small businesses in South Berkeley.
- o Increase the variety and quantity of goods and services available to South Berkeley residents.
- o Assist in the physical improvement of Sacramento/Ashby, Adeline/Alcatraz commercial corridors.

ISSUES	OPTIONS
1. Unemployment, especially among minority youth.	<ul style="list-style-type: none">o Tie in commercial development with job training and placement.o Target JTPA to South Berkeley.o _____
2. High prices, lack of variety in goods and services available, and low patronage of businesses by residents and non-residents.	<ul style="list-style-type: none">o Low-cost capital to small businesses to promote expansion and diversification of goods and services.o Attract "anchor" retail store and office.o _____
3. Lack of capital financing and investment from private sources.	<ul style="list-style-type: none">o Loan guarantees and city deposits.o Political consensus on desire for development.o _____
4. Criminal activity which discourages shopping and conducting business.	<ul style="list-style-type: none">o Comprehensive social service strategy including drug and alcohol treatment program.o _____
5. Poor physical appearance and under-utilization of parcels and structures.	<ul style="list-style-type: none">o Area-wide redevelopment designation and design standards.

ISSUES	OPTIONS
5.Continued	<ul style="list-style-type: none">o Site specific or corridor developmento Code enforcemento _____
6. Absentee landownership	<ul style="list-style-type: none">o RLF to increase local ownership.o _____

WEST BERKELEY (Industrial)

Major Objectives:

- o Retain and expand appropriate Berkeley-based industries.
- o Develop industrial area as incubator of modern and innovative industries and businesses.
- o Balance commercial and residential development.

ISSUES	OPTIONS
1. Decline in heavy and conventional manufacturing (e.g. chemical, metal) reflecting national trends.	<ul style="list-style-type: none">o Shift emphasis to light and modern manufacturing (e.g. electronics, computer, crafts, energy and other advanced technologies).o Shift emphasis to other wholesale, retail and services.o _____
2. Transition in balance of commercial land-uses: manufacturing, wholesale, retail, business service.	<ul style="list-style-type: none">o Identify development trends.o Shift focus to local/regional market away from national and international.o Increase multi-unit residential in place of non-productive commercial.o _____
3. City policy regarding what is appropriate mix of land-use and undefined City role in shaping future transition.	<ul style="list-style-type: none">o Long-range land-use planningo Re-zoningo _____
4. Potential application of UC/LBL Research and Development.	<ul style="list-style-type: none">o Establish joint City-UC/LBL-Business Task Force to identify and coordinate potential local commercial application of UC/LBL.o _____
5. Availability of sites for location of commercial development.	<ul style="list-style-type: none">o Identify available/transitional parcels.

ISSUES	OPTIONS
5.Continued	<ul style="list-style-type: none">o Site location assistance.o _____
6. High cost of industrial land.	<ul style="list-style-type: none">o Identify potentially available parcels.o City assemblage and brokerage of sites.o City acquisition of sites.o Use of State improvement revenue bonds.o _____
7. Limited number of residents employed in local industries.	<ul style="list-style-type: none">o Increased coordination with local job training, placement, and recruitment programs.o _____
8. Quality of public infrastructure (e.g. streets, utilities)	<ul style="list-style-type: none">o Develop capital improvement strategy based on overall development plan.o Coordinate innovative use of energy (e.g. shared energy use by industries, district heating, solar, cogeneration).o Wait for specific demands or requests by private sector.o _____

NEIGHBORHOOD COMMERCIAL CORRIDORS

Major Objectives:

- o Increase neighborhood stability through planned development of commercial corridors.
- o Control vehicle congestion.
- o Control parking demand.

ISSUES	OPTIONS
1. Impact of specialty shops, regional-serving businesses; protection of local-serving businesses.	<ul style="list-style-type: none">o Neighborhood planning (e.g. NCPO)o _____
2. Spot development vs. consistent strip development (W. University, S. Shattuck, San Pablo).	<ul style="list-style-type: none">o Long-range strip development planso Targeted developmento _____
3. Potential disinvestment resulting from local land-use controls.	<ul style="list-style-type: none">o Business promotion of local serving stores.o Coordinate permit processing as incentiveo _____
4. Traffic circulation and parking demand.	<ul style="list-style-type: none">o Discourage uses that generate high volume of consumer traffic in areas that cannot accommodate flow.o _____

CITY

ECONOMIC

DEVELOPMENT

ACTIVITY

AREA

POLICY DEVELOPMENT

DIRECT CAPITAL INVESTMENT
(Physical or monetary)

PACKAGE FEDERAL AND STATE
FUNDS

BUSINESS TECHNICAL ASSISTANCE

STRATEGY PROGRAM AND PROJECT
PLANNING

EFFICIENT PERMIT PROCESSING

BUSINESS PERMIT PROCESSING

SITE LOCATION

BUSINESS PROMOTION

CITIZEN INVOLVEMENT

PROMOTION OF PRIVATE
SECTOR INVESTMENT

DOWNTOWN

SOUTH BERKELEY

WEST BERKELEY

NEIGHBORHOOD
COMMERCIAL
CORRIDORS

RANGE OF CITY
ECONOMIC DEVELOPMENT
ACTIVITIES

U.C. BERKELEY LIBRARIES



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